

## SENATE BILL No. 496

### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-33; IC 5-1; IC 5-3-1-3; IC 6-1.1; IC 6-3.1; IC 6-3.5-7; IC 20-14-14; IC 36-1; IC 36-7.

**Synopsis:** Taxation and bonding. Extends the termination date for authority to approve new property tax abatements or to establish new tax increment finance areas from December 31, 2005, to December 31, 2010. Requires, for a public library whose board is not comprised of a majority of elected members, operating budget and tax levy review by the fiscal body of the municipality, township, or county in which the library is located if the library proposes a levy increase of more than 5%. Repeals the provision that prohibits consideration of the value of federal income tax credits in determining the assessed value of low income housing tax credit property. Permits the county auditor to increase the county economic development income tax funded homestead credit allowed in the county to offset property tax increases resulting from property tax deductions for inventory. Authorizes the use of various revenues associated with riverboat gaming to reduce a unit's levy for a particular year without reducing the unit's maximum levy. Standardizes the provisions of current law authorizing the use of riverboat gaming revenue for property tax relief. Requires the department of local government finance (DLGF) to prepare and distribute an annual report on the expenditures, sources of revenue, and expenditures per person for each political subdivision for the preceding year. Requires each political subdivision to publish the expenditure per person. Establishes a credit for property taxes on a homestead with an assessed value of less than \$300,000 in the amount by which the taxes exceed 2% of the assessed value. Limits a taxpayer from using more than one state tax liability credit for the same project. Requires the economic development for a growing economy board to consider the  
(Continued next page)

**Effective:** Upon passage; January 1, 2005 (retroactive); March 1, 2005 (retroactive); July 1, 2005.

**Kenley**

January 18, 2005, read first time and referred to Committee on Tax and Fiscal Policy.



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extent to which the granting of an economic development for a growing economy tax credit would reduce the amount available to fund the purposes of a community revitalization enhancement district (CRED) or certified technology park (CTP). Reduces the income tax incremental amount that the state is required to pay to a CRED or CTP by the amount of the economic development for a growing economy tax credits granted to businesses operating in the CRED or CTP. Allows a taxpayer to carry over an unused CRED tax credit for only nine taxable years. Defines income tax incremental amount in the law governing CTP's. Provides reporting standards for a business in a CRED. Requires notice to be given to taxing units affected by the creation of a CRED or professional sports development area. Provides that bonds and leases issued by political subdivisions and payable from sources other than property taxes are subject to approval by the DLGF. Establishes additional criteria for DLGF approval of property tax based bonds and leases (which are subject to DLGF approval under current law). Requires political subdivisions to report certain information concerning new bond issues and leases to the DLGF and to make annual reports to the DLGF concerning outstanding bonds and leases. Requires the DLGF to compile information from the reports in a data base and to post information from the reports on the Internet.

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Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

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## SENATE BILL No. 496

A BILL FOR AN ACT to amend the Indiana Code concerning  
taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 4-33-12-6 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) The department  
3 shall place in the state general fund the tax revenue collected under this  
4 chapter.  
5 (b) Except as provided by subsections (c) and (d) and IC 6-3.1-20-7,  
6 the treasurer of state shall quarterly pay the following amounts:  
7 (1) Except as provided in subsection (k), one dollar (\$1) of the  
8 admissions tax collected by the licensed owner for each person  
9 embarking on a gambling excursion during the quarter or  
10 admitted to a riverboat that has implemented flexible scheduling  
11 under IC 4-33-6-21 during the quarter shall be paid to:  
12 (A) the city in which the riverboat is docked, if the city:  
13 (i) is located in a county having a population of more than  
14 one hundred ten thousand (110,000) but less than one  
15 hundred fifteen thousand (115,000); or



1 (ii) is contiguous to the Ohio River and is the largest city in  
 2 the county; and  
 3 (B) the county in which the riverboat is docked, if the  
 4 riverboat is not docked in a city described in clause (A).  
 5 (2) Except as provided in subsection (k), one dollar (\$1) of the  
 6 admissions tax collected by the licensed owner for each person:  
 7 (A) embarking on a gambling excursion during the quarter; or  
 8 (B) admitted to a riverboat during the quarter that has  
 9 implemented flexible scheduling under IC 4-33-6-21;  
 10 shall be paid to the county in which the riverboat is docked. In the  
 11 case of a county described in subdivision (1)(B), this one dollar  
 12 (\$1) is in addition to the one dollar (\$1) received under  
 13 subdivision (1)(B).  
 14 (3) Except as provided in subsection (k), ten cents (\$0.10) of the  
 15 admissions tax collected by the licensed owner for each person:  
 16 (A) embarking on a gambling excursion during the quarter; or  
 17 (B) admitted to a riverboat during the quarter that has  
 18 implemented flexible scheduling under IC 4-33-6-21;  
 19 shall be paid to the county convention and visitors bureau or  
 20 promotion fund for the county in which the riverboat is docked.  
 21 (4) Except as provided in subsection (k), fifteen cents (\$0.15) of  
 22 the admissions tax collected by the licensed owner for each  
 23 person:  
 24 (A) embarking on a gambling excursion during the quarter; or  
 25 (B) admitted to a riverboat during a quarter that has  
 26 implemented flexible scheduling under IC 4-33-6-21;  
 27 shall be paid to the state fair commission, for use in any activity  
 28 that the commission is authorized to carry out under IC 15-1.5-3.  
 29 (5) Except as provided in subsection (k), ten cents (\$0.10) of the  
 30 admissions tax collected by the licensed owner for each person:  
 31 (A) embarking on a gambling excursion during the quarter; or  
 32 (B) admitted to a riverboat during the quarter that has  
 33 implemented flexible scheduling under IC 4-33-6-21;  
 34 shall be paid to the division of mental health and addiction. The  
 35 division shall allocate at least twenty-five percent (25%) of the  
 36 funds derived from the admissions tax to the prevention and  
 37 treatment of compulsive gambling.  
 38 (6) Except as provided in subsection (k), sixty-five cents (\$0.65)  
 39 of the admissions tax collected by the licensed owner for each  
 40 person embarking on a gambling excursion during the quarter or  
 41 admitted to a riverboat during the quarter that has implemented  
 42 flexible scheduling under IC 4-33-6-21 shall be paid to the

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Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(c) With respect to tax revenue collected from a riverboat located in a historic hotel district, the treasurer of state shall quarterly pay the following amounts:

(1) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the county treasurer of the county in which the riverboat is docked. The county treasurer shall distribute the money received under this subdivision as follows:

(A) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) Sixty percent (60%) shall be retained by the county where

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the riverboat is docked for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body:

(i) A town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(ii) A town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(2) Sixteen percent (16%) of the admissions tax collected during the quarter shall be paid in equal amounts to each town that:

- (A) is located in the county in which the riverboat docks; and
- (B) contains a historic hotel.

The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission.

(3) Nine percent (9%) of the admissions tax collected during the quarter shall be paid to the historic hotel preservation commission established under IC 36-7-11.5.

(4) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b).

(5) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the department of commerce to be used by the department for the development and implementation of a regional economic development strategy to assist the residents of the county in which the riverboat is located and residents of contiguous counties in improving their quality of life and to help promote successful and sustainable communities. The regional economic development strategy must include goals concerning the following issues:

- (A) Job creation and retention.
- (B) Infrastructure, including water, wastewater, and storm water infrastructure needs.
- (C) Housing.

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(D) Workforce training.

(E) Health care.

(F) Local planning.

(G) Land use.

(H) Assistance to regional economic development groups.

(I) Other regional development issues as determined by the department.

(d) With respect to tax revenue collected from a riverboat that operates from a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000), the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21; shall be paid to the city in which the riverboat is docked.

(2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21; shall be paid to the county in which the riverboat is docked.

(3) Except as provided in subsection (k), nine cents (\$0.09) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21; shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), one cent (\$0.01) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21; shall be paid to the northwest Indiana law enforcement training center.

(5) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has

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implemented flexible scheduling under IC 4-33-6-21;  
shall be paid to the state fair commission for use in any activity  
that the commission is authorized to carry out under IC 15-1.5-3.

(6) Except as provided in subsection (k), ten cents (\$0.10) of the  
admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has  
implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The  
division shall allocate at least twenty-five percent (25%) of the  
funds derived from the admissions tax to the prevention and  
treatment of compulsive gambling.

(7) Except as provided in subsection (k), sixty-five cents (\$0.65)  
of the admissions tax collected by the licensed owner for each  
person embarking on a gambling excursion during the quarter or  
admitted to a riverboat during the quarter that has implemented  
flexible scheduling under IC 4-33-6-21 shall be paid to the  
Indiana horse racing commission to be distributed as follows, in  
amounts determined by the Indiana horse racing commission, for  
the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established  
by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse  
racing commission under IC 4-31. The commission may make  
a grant under this clause only for purses, promotions, and  
routine operations of the racetrack. No grants shall be made  
for long term capital investment or construction, and no grants  
shall be made before the racetrack becomes operational and is  
offering a racing schedule.

(e) Money paid to a unit of local government under subsection  
(b)(1) through (b)(2), (c)(1) through (c)(2), or (d)(1) through (d)(2):

(1) must be paid to the fiscal officer of the unit and may be  
deposited in the unit's general fund or riverboat fund established  
under IC 36-1-8-9, or both;

(2) may ~~not be used to reduce the unit's maximum levy under~~  
~~IC 6-1.1-18.5 but may be used at the discretion of the unit to~~  
reduce the property tax levy of the unit for a particular year **(a**  
**property tax reduction under this subdivision does not reduce**  
**the maximum levy of the unit under IC 6-1.1-18.5);**

(3) may be used for any **other** legal or corporate purpose of the  
unit, including the pledge of money to bonds, leases, or other  
obligations under IC 5-1-14-4; and

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(4) is considered miscellaneous revenue.

(f) Money paid by the treasurer of state under subsection (b)(3) or (d)(3) shall be:

(1) deposited in:

(A) the county convention and visitor promotion fund; or

(B) the county's general fund if the county does not have a convention and visitor promotion fund; and

(2) used only for the tourism promotion, advertising, and economic development activities of the county and community.

(g) Money received by the division of mental health and addiction under subsections (b)(5) and (d)(6):

(1) is annually appropriated to the division of mental health and addiction;

(2) shall be distributed to the division of mental health and addiction at times during each state fiscal year determined by the budget agency; and

(3) shall be used by the division of mental health and addiction for programs and facilities for the prevention and treatment of addictions to drugs, alcohol, and compulsive gambling, including the creation and maintenance of a toll free telephone line to provide the public with information about these addictions. The division shall allocate at least twenty-five percent (25%) of the money received to the prevention and treatment of compulsive gambling.

(h) This subsection applies to the following:

(1) Each entity receiving money under subsection (b).

(2) Each entity receiving money under subsection (d)(1) through (d)(2).

(3) Each entity receiving money under subsection (d)(5) through (d)(7).

The treasurer of state shall determine the total amount of money paid by the treasurer of state to an entity subject to this subsection during the state fiscal year 2002. The amount determined under this subsection is the base year revenue for each entity subject to this subsection. The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(i) This subsection applies to an entity receiving money under subsection (d)(3) or (d)(4). The treasurer of state shall determine the total amount of money paid by the treasurer of state to the entity described in subsection (d)(3) during state fiscal year 2002. The amount determined under this subsection multiplied by nine-tenths (0.9) is the base year revenue for the entity described in subsection

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(d)(3). The amount determined under this subsection multiplied by one-tenth (0.1) is the base year revenue for the entity described in subsection (d)(4). The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(j) This subsection does not apply to an entity receiving money under subsection (c). ~~For state fiscal years beginning after June 30, 2002,~~ The total amount of money distributed to an entity under this section during a state fiscal year may not exceed the entity's base year revenue as determined under subsection (h) or (i). If the treasurer of state determines that the total amount of money distributed to an entity under this section during a state fiscal year is less than the entity's base year revenue, the treasurer of state shall make a supplemental distribution to the entity under IC 4-33-13-5(g).

(k) This subsection does not apply to an entity receiving money under subsection (c). ~~For state fiscal years beginning after June 30, 2002,~~ The treasurer of state shall pay that part of the riverboat admissions taxes that:

- (1) exceed a particular entity's base year revenue; and
  - (2) would otherwise be due to the entity under this section;
- to the property tax replacement fund instead of to the entity.

SECTION 2. IC 4-33-13-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) Money paid to a unit of local government under this chapter:

- (1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;
- (2) may ~~not~~ be used to reduce the ~~unit's maximum or actual levy under IC 6-1.1-18.5;~~ **property tax levy of the city, town, or county for a particular year (a property tax reduction under this subdivision does not reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5);** and
- (3) may be used for any **other** legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4.

(b) This chapter does not prohibit the city or county designated as the home dock of the riverboat from entering into agreements with other units of local government in Indiana or in other states to share the city's or county's part of the tax revenue received under this chapter.

SECTION 3. IC 5-1-17 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

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**Chapter 17. Approval of Bonds and Leases of Political Subdivisions**

**Sec. 1. As used in this chapter, "bonds" means any bonds, notes, or other evidences of indebtedness that are issued by a political subdivision. However, the term does not include bonds, notes, or other evidences of indebtedness that are:**

- (1) payable from ad valorem property taxes or otherwise subject to the approval of the department under IC 6-1.1-18.5, IC 6-1.1-19, or any other statute;**
- (2) issued to finance the acquisition of personal property;**
- (3) issued in anticipation of and to be paid from current revenues of a political subdivision actually levied and in the course of collection for the fiscal year in which the notes, warrants, or other evidences of indebtedness are issued;**
- (4) issued for the purpose of refunding outstanding bonds, notes, or evidences of indebtedness in order to provide gross or net present value savings to taxpayers, if:**
  - (A) the principal amount of the refunding obligations (excluding any proceeds to be used for costs of issuance) does not exceed the principal amount of the outstanding obligations being refunded (excluding any proceeds that are used for costs of issuance); and**
  - (B) the final maturity date of the refunding obligations is not later than the final maturity date of the outstanding obligations being refunded; or**
- (5) a lease.**

**Sec. 2. As used in this chapter, "debt service" means principal of and interest on bonds. The term includes:**

- (1) the repayment of an advance from the common school fund under IC 21-1-5-3; and**
- (2) payments made under a guaranteed energy savings contract entered into under IC 36-1-12.5.**

**Sec. 3. As used in this chapter, "department" refers to the department of local government finance.**

**Sec. 4. As used in this chapter, "lease" means a lease that is entered into by a political subdivision for a term of at least twelve (12) months and that is not subject to the approval of the department under IC 6-1.1-18.5, IC 6-1.1-19, or any other statute. However, the term does not include:**

- (1) leases that are payable from ad valorem property taxes or otherwise subject to the approval of the department under IC 6-1.1-18.5, IC 6-1.1-19, or any other statute; or**

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(2) leases of personal property.

Sec. 5. As used in this chapter, "lease rentals" means the payments required under a lease.

Sec. 6. As used in this chapter, "political subdivision" has the meaning set forth in IC 36-1-2-13.

Sec. 7. Notwithstanding any other law, a political subdivision may not pay debt service or lease rentals without completing the procedures set forth in this chapter.

Sec. 8. A political subdivision must file a petition requesting approval from the department to issue bonds or enter into a lease. A petition filed under this section must include the following information:

(1) The maximum term of the bonds or lease.

(2) The maximum principal amount of the bonds or the maximum lease rental for the lease.

(3) The estimated interest rates that will be paid and the total financing costs associated with the bonds or lease, including interest, legal and underwriter's fees, and other costs of issuance.

(4) The purpose of the bonds or lease.

(5) With respect to bonds to be issued or a lease to be entered into for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement:

(A) the estimated cost of the project, including the cost of land;

(B) the estimated costs the political subdivision expects to incur annually to operate, maintain, and repair the building, structure, or improvement;

(C) the source or sources of revenue to be used to pay the expenses described in clause (B); and

(D) the estimated impact, if any, on the tax rates, fees, or other charges imposed by the political subdivision that will result from the issuance of the bonds or execution of the lease agreement.

(6) Any other information that the department considers necessary to carry out the department's duties under this chapter.

Sec. 9. The department may seek recommendations from the local government tax control board, the department of state revenue, or both, when determining whether to authorize incurring the bonded indebtedness or the execution of the lease. The local

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government tax control board, the department of state revenue, and other state agencies shall provide information to the department that the department considers necessary to determine the estimated impact of the issuance of bonds or execution of a lease on a political subdivision's tax rates.

Sec. 10. Subject to section 11 of this chapter, the department may:

- (1) approve or disapprove the proposed bond issue or lease agreement; or
- (2) approve an alternative financing arrangement by:
  - (A) reducing the amount of the proposed bond issue or lease agreement;
  - (B) modifying other terms of the proposed bond issue or lease agreement;
  - (C) approving the use of other funding mechanisms that are available to the political subdivision to cover all or part of the costs that would be covered by the proposed bond issue or lease agreement;
  - (D) modifying the scope of the proposed project, in the case of bonds to be issued or a lease to be entered into for the acquisition, construction, renovation, improvement, or expansion of a building, structure, or other public improvement; or
  - (E) any combination of the methods described in clauses (A) through (D).

Sec. 11. (a) In determining whether to approve or disapprove a proposed bond issue or lease agreement, or to approve an alternative financing arrangement, the department shall consider the following factors:

- (1) Whether the proposed bond issue or lease agreement is unnecessary or excessive.
- (2) With respect to a proposed bond issue or lease agreement for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement, whether the political subdivision has demonstrated that an adequate source of funding will be available to cover annual costs of operating, maintaining, and repairing the building, structure, or public improvement.
- (3) Whether an excessive impact on the tax rates, fees, or other charges imposed by the political subdivision will result from:
  - (A) the issuance of the bonds or execution of the lease

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agreement; and

(B) with respect to a proposed bond issue or lease agreement for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement, the annual costs of operating, maintaining, and repairing the building, structure, or public improvement.

(4) Whether any costs of acquiring, constructing, renovating, improving, or expanding a building, structure, or other public improvement that are to be financed through the issuance of bonds or execution of a lease are comparable to the costs incurred for those purposes by other similarly situated political subdivisions for similar projects.

(5) Any other pertinent matter.

(b) The department must render a decision not later than three (3) months after the date the department receives a request for approval under section 8 of this chapter, and if a decision is not rendered within that time, the bond issue or lease agreement is considered approved unless the department takes the extension provided for in subsection (c).

(c) A three (3) month extension of the period during which the decision must be rendered may be taken by the department if the department mails a notice of the extension to the executive officer of the political subdivision at least ten (10) days before the end of the original three (3) month period described in subsection (b). If a decision is not rendered within the extension period, the issue is considered approved.

**Sec. 12.** A political subdivision may petition for judicial review of the final determination of the department under this section. The petition must be filed in the tax court not more than forty-five (45) days after the department enters its order under this chapter.

**Sec. 13.** The department may adopt rules under IC 4-22-2 to carry out the purposes of this chapter.

SECTION 4. IC 5-1-18 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

**Chapter 18. Reports Concerning Bonds and Leases of Political Subdivisions**

**Sec. 1.** As used in this chapter, "bonds" means any bonds, notes, or other evidences of indebtedness, including guaranteed energy savings contracts and advances from the common school fund, whether payable from property taxes, other taxes, revenues, or any

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1 other source. However, the term does not include notes, warrants,  
 2 or other evidences of indebtedness made in anticipation of and to  
 3 be paid from current revenues of a political subdivision actually  
 4 levied and in the course of collection for the fiscal year in which the  
 5 notes, warrants, or other evidences of indebtedness are issued.

6 Sec. 2. As used in this chapter, "department" refers to the  
 7 department of local government finance.

8 Sec. 3. As used in this chapter, "lease" means a lease of real  
 9 property that is entered into by a political subdivision for a term  
 10 of at least twelve (12) months, whether payable from property  
 11 taxes, other taxes, revenues, or any other source.

12 Sec. 4. As used in this chapter, "lease rentals" means the  
 13 payments required under a lease.

14 Sec. 5. As used in this chapter, "political subdivision" has the  
 15 meaning set forth in IC 36-1-2-13.

16 Sec. 6. A political subdivision that issues bonds or enters into a  
 17 lease after December 31, 2005, shall supply the department with  
 18 information concerning the bond issue or lease within twenty (20)  
 19 days after the issuance of the bonds or execution of the lease.

20 Sec. 7. (a) Except as provided by subsection (b), the bond issue  
 21 information required by section 6 of this chapter must be  
 22 submitted on a form prescribed by the department and must  
 23 include:

- 24 (1) the par value of the bond issue;
- 25 (2) a schedule of maturities and interest rates;
- 26 (3) the purposes of the bond issue;
- 27 (4) the itemized costs of issuance information, including fees  
 28 for bond counsel, other legal counsel, underwriters, and  
 29 financial advisors;
- 30 (5) the type of bonds that are issued; and
- 31 (6) other information as required by the department.

32 A copy of the official statement and bond covenants, if any, must  
 33 be supplied with this information.

34 (b) The department may establish a procedure that permits a  
 35 political subdivision or a person acting on behalf of a political  
 36 subdivision to transfer all or part of the information described in  
 37 subsection (a) to the department in a uniform format through a  
 38 secure connection over the Internet or through other electronic  
 39 means.

40 Sec. 8. (a) Except as provided by subsection (b), the lease  
 41 information required by section 6 of this chapter must be  
 42 submitted on a form prescribed by the department and must

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include:

- (1) the term of the lease;
- (2) the annual and total amount of lease rental payments due under the lease;
- (3) the purposes of the lease;
- (4) the itemized costs incurred by the political subdivision with respect to the preparation and execution of the lease, including fees for legal counsel and other professional advisors;
- (5) if all or part of the lease rental payments are used by the lessor as debt service payments for bonds issued for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement for the political subdivision:
  - (A) the name of the lessor;
  - (B) the par value of the bond issue; and
  - (C) the purposes of the bond issue; and
- (6) other information as required by the department.

(b) The department may establish a procedure that permits a political subdivision or a person acting on behalf of a political subdivision to transfer all or part of the information described in subsection (a) to the department in a uniform format through a secure connection over the Internet or through other electronic means.

**Sec. 9.** Each political subdivision that has any outstanding bonds or leases shall submit a report to the department before March 1 of 2006 and each year thereafter that includes a summary of all the outstanding bonds of the political subdivision as of January 1 of that year. The report must:

- (1) distinguish the outstanding bond issues and leases on the basis of the type of bond or lease, as determined by the department;
- (2) include a comparison of the political subdivision's outstanding indebtedness compared to any applicable statutory or constitutional limitations on indebtedness;
- (3) include other information as required by the department; and
- (4) be submitted on a form prescribed by the department or through the Internet or other electronic means, as determined by the department.

**Sec. 10.** The department shall:

- (1) compile an electronic data base that includes the

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1 information submitted under this chapter; and

2 (2) after December 31, 2006, post quarterly reports and  
3 annual summaries of the information submitted under this  
4 chapter on the Internet.

5 **Sec. 11. Information submitted to the department under this**  
6 **chapter is a public record that may be inspected and copied under**  
7 **IC 5-14-3.**

8 **Sec. 12. The department may adopt rules under IC 4-22-2 to**  
9 **carry out the purposes of this chapter.**

10 SECTION 5. IC 6-1.1-12.1-1 IS AMENDED TO READ AS  
11 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. For purposes of this  
12 chapter:

13 (1) "Economic revitalization area" means an area which is within  
14 the corporate limits of a city, town, or county which has become  
15 undesirable for, or impossible of, normal development and  
16 occupancy because of a lack of development, cessation of growth,  
17 deterioration of improvements or character of occupancy, age,  
18 obsolescence, substandard buildings, or other factors which have  
19 impaired values or prevent a normal development of property or  
20 use of property. The term "economic revitalization area" also  
21 includes:

22 (A) any area where a facility or a group of facilities that are  
23 technologically, economically, or energy obsolete are located  
24 and where the obsolescence may lead to a decline in  
25 employment and tax revenues; and

26 (B) a residentially distressed area, except as otherwise  
27 provided in this chapter.

28 (2) "City" means any city in this state, and "town" means any town  
29 incorporated under IC 36-5-1.

30 (3) "New manufacturing equipment" means any tangible personal  
31 property which:

32 (A) was installed after February 28, 1983, and before January  
33 1, ~~2006~~, **2011**, in an area that is declared an economic  
34 revitalization area after February 28, 1983, in which a  
35 deduction for tangible personal property is allowed;

36 (B) is used in the direct production, manufacture, fabrication,  
37 assembly, extraction, mining, processing, refining, or finishing  
38 of other tangible personal property, including but not limited  
39 to use to dispose of solid waste or hazardous waste by  
40 converting the solid waste or hazardous waste into energy or  
41 other useful products; and

42 (C) was acquired by its owner for use as described in clause

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- 1 (B) and was never before used by its owner for any purpose in  
 2 Indiana.
- 3 However, notwithstanding any other law, the term includes  
 4 tangible personal property that is used to dispose of solid waste or  
 5 hazardous waste by converting the solid waste or hazardous waste  
 6 into energy or other useful products and was installed after March  
 7 1, 1993, and before March 2, 1996, even if the property was  
 8 installed before the area where the property is located was  
 9 designated as an economic revitalization area or the statement of  
 10 benefits for the property was approved by the designating body.
- 11 (4) "Property" means a building or structure, but does not include  
 12 land.
- 13 (5) "Redevelopment" means the construction of new structures in  
 14 economic revitalization areas, either:
- 15 (A) on unimproved real estate; or  
 16 (B) on real estate upon which a prior existing structure is  
 17 demolished to allow for a new construction.
- 18 (6) "Rehabilitation" means the remodeling, repair, or betterment  
 19 of property in any manner or any enlargement or extension of  
 20 property.
- 21 (7) "Designating body" means the following:
- 22 (A) For a county that does not contain a consolidated city, the  
 23 fiscal body of the county, city, or town.  
 24 (B) For a county containing a consolidated city, the  
 25 metropolitan development commission.
- 26 (8) "Deduction application" means either:
- 27 (A) the application filed in accordance with section 5 of this  
 28 chapter by a property owner who desires to obtain the  
 29 deduction provided by section 3 of this chapter; or  
 30 (B) the application filed in accordance with ~~section 5.5~~ **section**  
 31 **5.4** of this chapter by a person who desires to obtain the  
 32 deduction provided by section 4.5 of this chapter.
- 33 (9) "Designation application" means an application that is filed  
 34 with a designating body to assist that body in making a  
 35 determination about whether a particular area should be  
 36 designated as an economic revitalization area.
- 37 (10) "Hazardous waste" has the meaning set forth in  
 38 IC 13-11-2-99(a). The term includes waste determined to be a  
 39 hazardous waste under IC 13-22-2-3(b).
- 40 (11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a).  
 41 However, the term does not include dead animals or any animal  
 42 solid or semisolid wastes.

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(12) "New research and development equipment" means tangible personal property that:

(A) is installed after June 30, 2000, and before January 1, ~~2006~~, **2011**, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of:

- (i) laboratory equipment;
- (ii) research and development equipment;
- (iii) computers and computer software;
- (iv) telecommunications equipment; or
- (v) testing equipment;

(C) is used in research and development activities devoted directly and exclusively to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products; and

(D) is acquired by the property owner for purposes described in this subdivision and was never before used by the owner for any purpose in Indiana.

The term does not include equipment installed in facilities used for or in connection with efficiency surveys, management studies, consumer surveys, economic surveys, advertising or promotion, or research in connection with literacy, history, or similar projects.

(13) "New logistical distribution equipment" means tangible personal property that:

(A) is installed after June 30, 2004, and before January 1, ~~2006~~, **2011**, in an economic revitalization area:

- (i) in which a deduction for tangible personal property is allowed; and
- (ii) located in a county referred to in section 2.3 of this chapter, subject to section 2.3(c) of this chapter;

(B) consists of:

- (i) racking equipment;
- (ii) scanning or coding equipment;
- (iii) separators;
- (iv) conveyors;
- (v) forklifts or lifting equipment (including "walk behinds");
- (vi) transitional moving equipment;
- (vii) packaging equipment;
- (viii) sorting and picking equipment; or
- (ix) software for technology used in logistical distribution;

(C) is used for the storage or distribution of goods, services, or

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information; and

(D) before being used as described in clause (C), was never used by its owner for any purpose in Indiana.

(14) "New information technology equipment" means tangible personal property that:

(A) is installed after June 30, 2004, and before January 1, 2006, 2011, in an economic revitalization area:

(i) in which a deduction for tangible personal property is allowed; and

(ii) located in a county referred to in section 2.3 of this chapter, subject to section 2.3(c) of this chapter;

(B) consists of equipment, including software, used in the fields of:

(i) information processing;

(ii) office automation;

(iii) telecommunication facilities and networks;

(iv) informatics;

(v) network administration;

(vi) software development; and

(vii) fiber optics; and

(C) before being installed as described in clause (A), was never used by its owner for any purpose in Indiana.

SECTION 6. IC 6-1.1-12.1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) A designating body may find that a particular area within its jurisdiction is an economic revitalization area. However, the deduction provided by this chapter for economic revitalization areas not within a city or town shall not be available to retail businesses.

(b) In a county containing a consolidated city or within a city or town, a designating body may find that a particular area within its jurisdiction is a residentially distressed area. Designation of an area as a residentially distressed area has the same effect as designating an area as an economic revitalization area, except that the amount of the deduction shall be calculated as specified in section 4.1 of this chapter and the deduction is allowed for not more than five (5) years. In order to declare a particular area a residentially distressed area, the designating body must follow the same procedure that is required to designate an area as an economic revitalization area and must make all the following additional findings or all the additional findings described in subsection (c):

(1) The area is comprised of parcels that are either unimproved or contain only one (1) or two (2) family dwellings or multifamily

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1 dwellings designed for up to four (4) families, including accessory  
2 buildings for those dwellings.

3 (2) Any dwellings in the area are not permanently occupied and  
4 are:

5 (A) the subject of an order issued under IC 36-7-9; or

6 (B) evidencing significant building deficiencies.

7 (3) Parcels of property in the area:

8 (A) have been sold and not redeemed under IC 6-1.1-24 and

9 IC 6-1.1-25; or

10 (B) are owned by a unit of local government.

11 However, in a city in a county having a population of more than two  
12 hundred thousand (200,000) but less than three hundred thousand  
13 (300,000), the designating body is only required to make one (1) of the  
14 additional findings described in this subsection or one (1) of the  
15 additional findings described in subsection (c).

16 (c) In a county containing a consolidated city or within a city or  
17 town, a designating body that wishes to designate a particular area a  
18 residentially distressed area may make the following additional  
19 findings as an alternative to the additional findings described in  
20 subsection (b):

21 (1) A significant number of dwelling units within the area are not  
22 permanently occupied or a significant number of parcels in the  
23 area are vacant land.

24 (2) A significant number of dwelling units within the area are:

25 (A) the subject of an order issued under IC 36-7-9; or

26 (B) evidencing significant building deficiencies.

27 (3) The area has experienced a net loss in the number of dwelling  
28 units, as documented by census information, local building and  
29 demolition permits, or certificates of occupancy, or the area is  
30 owned by Indiana or the United States.

31 (4) The area (plus any areas previously designated under this  
32 subsection) will not exceed ten percent (10%) of the total area  
33 within the designating body's jurisdiction.

34 However, in a city in a county having a population of more than two  
35 hundred thousand (200,000) but less than three hundred thousand  
36 (300,000), the designating body is only required to make one (1) of the  
37 additional findings described in this subsection as an alternative to one  
38 (1) of the additional findings described in subsection (b).

39 (d) A designating body is required to attach the following conditions  
40 to the grant of a residentially distressed area designation:

41 (1) The deduction will not be allowed unless the dwelling is  
42 rehabilitated to meet local code standards for habitability.

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(2) If a designation application is filed, the designating body may require that the redevelopment or rehabilitation be completed within a reasonable period of time.

(e) To make a designation described in subsection (a) or (b), the designating body shall use procedures prescribed in section 2.5 of this chapter.

(f) The property tax deductions provided by sections 3 and 4.5 of this chapter are only available within an area which the designating body finds to be an economic revitalization area.

(g) The designating body may adopt a resolution establishing general standards to be used, along with the requirements set forth in the definition of economic revitalization area, by the designating body in finding an area to be an economic revitalization area. The standards must have a reasonable relationship to the development objectives of the area in which the designating body has jurisdiction. The following three (3) sets of standards may be established:

(1) One (1) relative to the deduction under section 3 of this chapter for economic revitalization areas that are not residentially distressed areas.

(2) One (1) relative to the deduction under section 3 of this chapter for residentially distressed areas.

(3) One (1) relative to the deduction allowed under section 4.5 of this chapter.

(h) A designating body may impose a fee for filing a designation application for a person requesting the designation of a particular area as an economic revitalization area. The fee may be sufficient to defray actual processing and administrative costs. However, the fee charged for filing a designation application for a parcel that contains one (1) or more owner-occupied, single-family dwellings may not exceed the cost of publishing the required notice.

(i) In declaring an area an economic revitalization area, the designating body may:

(1) limit the time period to a certain number of calendar years during which the area shall be so designated;

(2) limit the type of deductions that will be allowed within the economic revitalization area to either the deduction allowed under section 3 of this chapter or the deduction allowed under section 4.5 of this chapter;

(3) limit the dollar amount of the deduction that will be allowed with respect to new manufacturing equipment, new research and development equipment, new logistical distribution equipment, and new information technology equipment if a deduction under

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1 this chapter had not been filed before July 1, 1987, for that  
2 equipment;

3 (4) limit the dollar amount of the deduction that will be allowed  
4 with respect to redevelopment and rehabilitation occurring in  
5 areas that are designated as economic revitalization areas on or  
6 after September 1, 1988; or

7 (5) impose reasonable conditions related to the purpose of this  
8 chapter or to the general standards adopted under subsection (g)  
9 for allowing the deduction for the redevelopment or rehabilitation  
10 of the property or the installation of the new manufacturing  
11 equipment, new research and development equipment, new  
12 logistical distribution equipment, or new information technology  
13 equipment.

14 To exercise one (1) or more of these powers, a designating body must  
15 include this fact in the resolution passed under section 2.5 of this  
16 chapter.

17 (j) Notwithstanding any other provision of this chapter, if a  
18 designating body limits the time period during which an area is an  
19 economic revitalization area, that limitation does not:

20 (1) prevent a taxpayer from obtaining a deduction for new  
21 manufacturing equipment, new research and development  
22 equipment, new logistical distribution equipment, or new  
23 information technology equipment installed before January 1,  
24 ~~2006~~, **2011**, but after the expiration of the economic revitalization  
25 area if:

26 (A) the economic revitalization area designation expires after  
27 December 30, 1995; and

28 (B) the new manufacturing equipment, new research and  
29 development equipment, new logistical distribution  
30 equipment, or new information technology equipment was  
31 described in a statement of benefits submitted to and approved  
32 by the designating body in accordance with section 4.5 of this  
33 chapter before the expiration of the economic revitalization  
34 area designation; or

35 (2) limit the length of time a taxpayer is entitled to receive a  
36 deduction to a number of years that is less than the number of  
37 years designated under section 4 or 4.5 of this chapter.

38 (k) Notwithstanding any other provision of this chapter, deductions:

39 (1) that are authorized under section 3 of this chapter for property  
40 in an area designated as an urban development area before March  
41 1, 1983, and that are based on an increase in assessed valuation  
42 resulting from redevelopment or rehabilitation that occurs before

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March 1, 1983; or

(2) that are authorized under section 4.5 of this chapter for new manufacturing equipment installed in an area designated as an urban development area before March 1, 1983;

apply according to the provisions of this chapter as they existed at the time that an application for the deduction was first made. No deduction that is based on the location of property or new manufacturing equipment in an urban development area is authorized under this chapter after February 28, 1983, unless the initial increase in assessed value resulting from the redevelopment or rehabilitation of the property or the installation of the new manufacturing equipment occurred before March 1, 1983.

(l) If property located in an economic revitalization area is also located in an allocation area (as defined in IC 36-7-14-39 or IC 36-7-15.1-26), an application for the property tax deduction provided by this chapter may not be approved unless the commission that designated the allocation area adopts a resolution approving the application.

SECTION 7. IC 6-1.1-12.1-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. Notwithstanding any other provision of this chapter, a designating body may not approve a statement of benefits for a deduction under section 3 or 4.5 of this chapter after December 31, ~~2005~~ **2010**.

SECTION 8. IC 6-1.1-17-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 20. (a) This section applies:

(1) to each governing body of a taxing unit that is not comprised of a majority of officials who are elected to serve on the governing body; and

(2) if the proposed property tax levy:

**(A) for the taxing unit (other than a public library) for the ensuing calendar year is more than five percent (5%) greater than the property tax levy for the taxing unit for the current calendar year; or**

**(B) for the operating budget of a public library for the ensuing calendar year is more than five percent (5%) greater than the property tax levy for the operating budget of the public library for the current calendar year.**

(b) As used in this section, "taxing unit" has the meaning set forth in IC 6-1.1-1-21, except that the term does not include a school corporation.

(c) **This subsection does not apply to a public library. If:**

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(1) the assessed valuation of a taxing unit is entirely contained within a city or town; or

(2) the assessed valuation of a taxing unit is not entirely contained within a city or town but the taxing unit was originally established by the city or town;

the governing body shall submit its proposed budget and property tax levy to the city or town fiscal body. The proposed budget and levy shall be submitted at least fourteen (14) days before the city or town fiscal body is required to hold budget approval hearings under this chapter.

(d) **This subsection does not apply to a public library.** If subsection (c) does not apply, the governing body of the taxing unit shall submit its proposed budget and property tax levy to the county fiscal body in the county where the taxing unit has the most assessed valuation. The proposed budget and levy shall be submitted at least fourteen (14) days before the county fiscal body is required to hold budget approval hearings under this chapter.

(e) **This subsection applies to a public library. The library board of a public library subject to this section shall submit its proposed budget and property tax levy to the fiscal body designated under IC 20-14-14.**

~~(e)~~ (f) **Subject to subsection (g),** the fiscal body of the city, town, or county (whichever applies) **or the fiscal body designated under IC 20-14-14 (in the case of a public library)** shall review each budget and proposed tax levy and adopt a final budget and tax levy for the taxing unit. The fiscal body may reduce or modify but not increase the proposed budget or tax levy.

(g) **A fiscal body's review under subsection (f) is limited to the proposed operating budget of the public library and the proposed property tax levy for the library's operating budget.**

SECTION 9. IC 6-1.1-18.5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8. (a) The ad valorem property tax levy limits imposed by section 3 of this chapter do not apply to ad valorem property taxes imposed by a civil taxing unit if the civil taxing unit is committed to levy the taxes to pay or fund either:

(1) bonded indebtedness; or

(2) lease rentals under a lease with an original term of at least five (5) years.

(b) A civil taxing unit must file a petition requesting approval from the department of local government finance to incur bonded indebtedness or execute a lease with an original term of at least five (5) years not later than twenty-four (24) months after the first date of publication of notice of a preliminary determination under

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IC 6-1.1-20-3.1(2), unless the civil taxing unit demonstrates that a longer period is reasonable in light of the civil taxing unit's facts and circumstances. A civil taxing unit must obtain approval from the department of local government finance before the civil taxing unit may ~~(1)~~ incur the bonded indebtedness or ~~(2)~~ enter into the lease. The department of local government finance may seek recommendations from the local government tax control board established by section 11 of this chapter when determining whether to authorize incurring the bonded indebtedness or the execution of the lease. **Subject to subsection (c), the department of local government finance may:**

**(1) approve or disapprove the proposed bond issue or lease agreement; or**

**(2) approve an alternative financing arrangement by:**

**(A) reducing the amount of the proposed bond issue or lease agreement;**

**(B) modifying other terms of the proposed bond issue or lease agreement;**

**(C) approving the use of other funding mechanisms that are available to the civil taxing unit to cover all or part of the costs that would be covered by the proposed bond issue or lease agreement;**

**(D) modifying the scope of the proposed project, in the case of bonds to be issued or a lease to be entered into for the acquisition, construction, renovation, improvement, or expansion of a building, structure, or other public improvement; or**

**(E) any combination of the methods described in clauses (A) through (D).**

**(c) In determining whether to approve or disapprove a proposed bond issue or lease agreement or to approve an alternative financing arrangement, the department of local government finance shall consider the following factors:**

**(1) Whether the proposed bond issue or lease agreement is unnecessary or excessive.**

**(2) With respect to a proposed bond issue or lease agreement for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement, whether the civil taxing unit has demonstrated that an adequate source of funding will be available to cover annual costs of operating, maintaining, and repairing the building, structure, or public improvement.**

**(3) Whether an excessive impact on the civil taxing unit's tax**

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1 rates will result from:

2 (A) the issuance of the bonds or execution of the lease  
3 agreement; and

4 (B) with respect to a proposed bond issue or lease  
5 agreement for the acquisition, construction, renovation,  
6 improvement, expansion, or use of a building, structure, or  
7 other public improvement, the annual costs of operating,  
8 maintaining, and repairing the building, structure, or  
9 public improvement.

10 (4) Whether any costs of acquiring, constructing, renovating,  
11 improving, or expanding a building, structure, or other public  
12 improvement that are to be financed through the issuance of  
13 bonds or execution of a lease are comparable to the costs  
14 incurred for those purposes by other similarly situated civil  
15 taxing units for similar projects.

16 (5) Any other pertinent matter.

17 ~~(c)~~ (d) The department of local government finance shall render a  
18 decision within three (3) months after the date it receives a request for  
19 approval under subsection (b). However, the department of local  
20 government finance may extend this three (3) month period by an  
21 additional three (3) months if, at least ten (10) days before the end of  
22 the original three (3) month period, the department sends notice of the  
23 extension to the executive officer of the civil taxing unit. A civil taxing  
24 unit may petition for judicial review of the final determination of the  
25 department of local government finance under this section. The petition  
26 must be filed in the tax court not more than forty-five (45) days after  
27 the department enters its order under this section.

28 ~~(d)~~ (e) A civil taxing unit does not need approval under subsection  
29 (b) to obtain temporary loans made in anticipation of and to be paid  
30 from current revenues of the civil taxing unit actually levied and in the  
31 course of collection for the fiscal year in which the loans are made.

32 ~~(e)~~ (f) For purposes of computing the ad valorem property tax levy  
33 limits imposed on a civil taxing unit by section 3 of this chapter, the  
34 civil taxing unit's ad valorem property tax levy for a calendar year does  
35 not include that part of its levy that is committed to fund or pay bond  
36 indebtedness or lease rentals with an original term of five (5) years in  
37 subsection (a).

38 ~~(f)~~ (g) A taxpayer may petition for judicial review of the final  
39 determination of the department of local government finance under this  
40 section. The petition must be filed in the tax court not more than thirty  
41 (30) days after the department enters its order under this section.

42 SECTION 10. IC 6-1.1-19-8 IS AMENDED TO READ AS

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FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8. (a) A school corporation must file a petition requesting approval from the department of local government finance to incur bond indebtedness, enter into a lease rental agreement, or repay from the debt service fund loans made for the purchase of school buses under IC 20-9.1-6-5 not later than twenty-four (24) months after the first date of publication of notice of a preliminary determination under IC 6-1.1-20-3.1(2), unless the school corporation demonstrates that a longer period is reasonable in light of the school corporation's facts and circumstances. A school corporation must obtain approval from the department of local government finance before the school corporation may:

- (1) incur the indebtedness;
- (2) enter into the lease agreement; or
- (3) repay the school bus purchase loan.

This restriction does not apply to ad valorem property taxes which a school corporation levies to pay or fund bond or lease rental indebtedness created or incurred before July 1, 1974.

**(b) Subject to subsection (c) and sections 4.2 and 4.6 of this chapter,** the department of local government finance may: ~~either~~

- (1) approve ~~or disapprove or modify then approve~~ a school corporation's proposed lease rental agreement, bond issue, or school bus purchase loan; ~~or~~

**(2) approve an alternative financing arrangement by:**

**(A) reducing the amount of the proposed bond issue, lease rental agreement, or school bus purchase loan;**

**(B) modifying other terms of the proposed bond issue, lease rental agreement, or school bus purchase loan;**

**(C) approving the use of other funding mechanisms that are available to the school corporation to cover all or part of the costs that would be covered by the proposed bond issue, lease rental agreement, or school bus purchase loan;**

**(D) modifying the scope of:**

- (i) the proposed project, in the case of bonds to be issued or a lease to be entered into for the acquisition, construction, renovation, improvement, or expansion of a building, structure, or other public improvement; or**
- (ii) the proposed purchase, in the case of a school bus purchase loan; or**

**(E) any combination of the methods described in clauses (A) through (D).**

**(c) In determining whether to approve or disapprove a proposed bond issue, lease rental agreement, or school bus purchase loan, or**

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to approve an alternative financing arrangement, the department of local government finance shall consider the following factors:

(1) Whether the proposed bond issue, lease rental agreement, or school bus purchase loan is unnecessary or excessive.

(2) With respect to a proposed bond issue or lease rental agreement for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement, whether the school corporation has demonstrated that an adequate source of funding will be available to cover annual costs of operating, maintaining, and repairing the building, structure, or public improvement; or

(3) Whether an excessive impact on the tax rates, fees, or other charges imposed by the school corporation will result from:

(A) the issuance of the bonds or execution of the lease rental agreement or school bus purchase loan;

(B) with respect to a proposed bond issue or lease rental agreement for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement, the annual costs of operating, maintaining, and repairing the building, structure, or public improvement; and

(C) with respect to a proposed school bus purchase loan, the annual costs of operating, maintaining, and repairing the vehicles to be purchased with the loan.

(4) Whether any costs of acquiring, constructing, renovating, improving, or expanding a building, structure, or other public improvement that are to be financed through the issuance of bonds or execution of a lease are comparable to the costs incurred for those purposes by other similarly situated political subdivisions for similar projects.

(5) Any other pertinent matter.

Before it approves or disapproves a proposed lease rental agreement, bond issue or school bus purchase loan, the department of local government finance may seek the recommendation of the tax control board.

(c) (d) The department of local government finance shall render a decision not more than three (3) months after the date it receives a request for approval under subsection (a). However, the department of local government finance may extend this three (3) month period by an additional three (3) months if, at least ten (10) days before the end of the original three (3) month period, the department sends notice of the

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extension to the executive officer of the school corporation. A school corporation may petition for judicial review of the final determination of the department of local government finance under this section. The petition must be filed in the tax court not more than forty-five (45) days after the department enters its order under this section.

~~(d)~~ (e) After December 31, 1995, the department of local government finance may not approve a school corporation's proposed lease rental agreement or bond issue to finance the construction of additional classrooms unless the school corporation first:

- (1) establishes that additional classroom space is necessary; and
- (2) conducts a feasibility study, holds public hearings, and hears public testimony on using a twelve (12) month school term (instead of the nine (9) month school term (as defined in IC 20-10.1-2-2)) rather than expanding classroom space.

~~(e)~~ (f) This section does not apply to school bus purchase loans made by a school corporation which will be repaid solely from the general fund of the school corporation.

~~(f)~~ (g) A taxpayer may petition for judicial review of the final determination of the department of local government finance under this section. The petition must be filed in the tax court not more than thirty (30) days after the department enters its order under this section.

SECTION 11. IC 6-1.1-20.6 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 20.6. Credit for Excessive Homestead Property Taxes**

**Sec. 1. As used in this chapter:**

- (1) "property tax liability" means liability for the tax imposed on property under this article determined after application of all credits and deductions under this article, except the credit under this chapter, but does not include any interest or penalty imposed under this article; and
- (2) "qualified homestead" means a homestead (as defined in IC 6-1.1-20.9-1) that has an assessed value less than three hundred thousand dollars (\$300,000).

**Sec. 2. A person is entitled to a credit against the person's property tax liability attributable to the person's qualified homestead. The amount of the credit is the amount by which the person's property tax liability attributable to the person's qualified homestead for property taxes first due and payable in a calendar year exceeds two percent (2%) of the gross assessed value that is the basis for determination of property taxes on the qualified homestead for property taxes first due and payable in that**

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calendar year.

**Sec. 3. A person is not required to file an application for the credit under this chapter. The county auditor shall:**

- (1) identify qualified homesteads in the county eligible for the deduction under this chapter; and**
- (2) apply the credit under this chapter to property tax liability on the identified qualified homesteads.**

**SECTION 12. IC 6-1.1-33.5-7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) Not later than May 1 of each calendar year, the division of data analysis shall:**

- (1) prepare a report that includes the information in subsection (b) for the immediately preceding calendar year;**
- (2) post the information on the web site maintained by the department of local government finance;**
- (3) file the report:**
  - (A) with the governor; and**
  - (B) in an electronic format under IC 5-14-6 with the general assembly; and**
- (4) file with each political subdivision the information referred to in subsection (b)(3) that pertains to the political subdivision.**

**(b) The report under subsection (a) shall include the following for each political subdivision:**

- (1) The actual amount of expenditures in each major budget classifications prescribed by the state board of accounts.**
- (2) The tax or other source of revenue for each expenditure under subdivision (1).**
- (3) The amount of expenditure per person in the political subdivision based on the population determined by the most recent federal decennial census.**

**(c) The department of local government finance shall organize the report under subsection (a) to present together the information under subsection (b) derived from each type of political subdivision.**

**(d) Before September 1 of each year, each political subdivision shall publish the information received under subsection (a)(4) in accordance with IC 5-3-1.**

**SECTION 13. IC 6-1.1-39-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) If the fiscal body of a unit finds that:**

- (1) in order to promote opportunities for the gainful employment**

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of its citizens, the attraction of a new business enterprise to the unit, the retention or expansion of a business enterprise existing within the boundaries of the unit, or the preservation or enhancement of the tax base of the unit, an area under the fiscal body's jurisdiction should be declared an economic development district;

(2) the public health and welfare of the unit will be benefited by designating the area as an economic development district; and

(3) there has been proposed a qualified industrial development project to be located in the economic development district, with the proposal supported by:

(A) financial and economic data; and

(B) preliminary commitments by business enterprises, associations, state or federal governmental units, or similar entities that evidence a reasonable likelihood that the proposed qualified industrial development project will be initiated and accomplished;

the fiscal body may, before January 1, ~~2006~~, **2011**, adopt an ordinance declaring the area to be an economic development district and declaring that the public health and welfare of the unit will be benefited by the designation.

(b) For the purpose of adopting an ordinance under subsection (a), it is sufficient to describe the boundaries of the area by its location in relation to public ways or streams or otherwise as determined by the fiscal body.

SECTION 14. IC 6-3.1-1-3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: **Sec. 3. A taxpayer (as defined in the following laws), pass through entity (as defined in the following laws), or shareholder, partner, or member of a pass through entity may not be granted more than one (1) tax credit under the following laws for the same project:**

(1) IC 6-3.1-10 (enterprise zone investment cost credit).

(2) IC 6-3.1-11 (industrial recovery tax credit).

(3) IC 6-3.1-11.5 (military base recovery tax credit).

(4) IC 6-3.1-11.6 (military base investment cost credit).

(5) IC 6-3.1-13 (economic development for a growing economy).

(6) IC 6-3.1-13.5 (capital investment tax credit).

(7) IC 6-3.1-19 (community revitalization enhancement district tax credit).

(8) IC 6-3.1-24 (venture capital investment tax credit).

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**(9) IC 6-3.1-26 (Hoosier business investment tax credit).**

**If a taxpayer, pass through entity, or shareholder, partner, or member of a pass through entity has been granted more than one (1) tax credit for the same project, the taxpayer, pass through entity, or shareholder, partner, or member of a pass through entity must elect to apply only one (1) of the tax credits in the manner and form prescribed by the department.**

SECTION 15. IC 6-3.1-13-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 15. This section applies to an application proposing a project to create new jobs in Indiana. After receipt of an application, the board may enter into an agreement with the applicant for a credit under this chapter if the board determines that all of the following conditions exist:

- (1) The applicant's project will create new jobs that were not jobs previously performed by employees of the applicant in Indiana.
- (2) The applicant's project is economically sound and will benefit the people of Indiana by increasing opportunities for employment in Indiana and strengthening the economy of Indiana.
- (3) The political subdivisions affected by the project have committed significant local incentives with respect to the project.
- (4) Receiving the tax credit is a major factor in the applicant's decision to go forward with the project and not receiving the tax credit will result in the applicant not creating new jobs in Indiana.
- (5) Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.
- (6) The credit is not prohibited by section 16 of this chapter.
- (7) If the business is located in a community revitalization enhancement district established under IC 36-7-13 or a certified technology park established under IC 36-7-32, the legislative body of the political subdivision establishing the district or park has adopted an ordinance recommending the granting of a credit amount that is at least equal to the credit amount provided in the agreement.**

SECTION 16. IC 6-3.1-13-15.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 15.5. This section applies to an application proposing to retain existing jobs in Indiana. After receipt of an application, the board may enter into an agreement with the applicant for a credit under this chapter if the board determines that all the following conditions exist:

- (1) The applicant's project will retain existing jobs performed by the employees of the applicant in Indiana.

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(2) The applicant provides evidence that there is at least one (1) other competing site outside Indiana that is being considered for the project or for the relocation of jobs.

(3) A disparity is identified, using the best available data, in the projected costs for the applicant's project in Indiana compared with the costs for the project in the competing site.

(4) The applicant is engaged in research and development, manufacturing, or business services (as defined in the Standard Industrial Classification Manual of the United States Office of Management and Budget).

(5) The average compensation (including benefits) provided to the applicant's employees during the applicant's previous fiscal year exceeds the average compensation paid during that same period to all employees in the county in which the applicant's business is located by at least five percent (5%).

(6) The applicant employs at least two hundred (200) employees in Indiana.

(7) The applicant has prepared a plan for the use of the credits under this chapter for:

(A) investment in facility improvements or equipment and machinery upgrades, repairs, or retrofits; or

(B) other direct business related investments, including but not limited to training.

(8) Receiving the tax credit is a major factor in the applicant's decision to go forward with the project, and not receiving the tax credit will increase the likelihood of the applicant reducing jobs in Indiana.

(9) Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.

(10) The applicant's business and project are economically sound and will benefit the people of Indiana by increasing or maintaining opportunities for employment and strengthening the economy of Indiana.

(11) The communities affected by the potential reduction in jobs or relocation of jobs to another site outside Indiana have committed at least one dollar and fifty cents (\$1.50) of local incentives with respect to the retention of jobs for every three dollars (\$3) in credits provided under this chapter. For purposes of this subdivision, local incentives include, but are not limited to, cash grants, tax abatements, infrastructure improvements, investment in facility rehabilitation, construction, and training

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investments.

(12) The credit is not prohibited by section 16 of this chapter.

**(13) If the business is located in a community revitalization enhancement district established under IC 36-7-13 or a certified technology park established under IC 36-7-32, the legislative body of the political subdivision establishing the district or park has adopted an ordinance recommending the granting of a credit amount that is at least equal to the credit amount provided in the agreement.**

SECTION 17. IC 6-3.1-13-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 17. In determining the credit amount that should be awarded to an applicant under section 15 of this chapter that proposes a project to create jobs in Indiana, the board shall take into consideration the following factors:

(1) The economy of the county where the projected investment is to occur.

(2) The potential impact on the economy of Indiana.

(3) The incremental payroll attributable to the project.

(4) The capital investment attributable to the project.

(5) The amount the average wage paid by the applicant exceeds the average wage paid within the county in which the project will be located.

(6) The costs to Indiana and the affected political subdivisions with respect to the project.

(7) The financial assistance that is otherwise provided by Indiana and the affected political subdivisions.

**(8) The extent to which the incremental income tax withholdings attributable to the applicant's project are needed for the purposes of an incremental tax financing fund or industrial development fund under IC 36-7-13 or a certified technology park fund under IC 36-7-32.**

As appropriate, the board shall consider the factors in this section to determine the credit amount awarded to an applicant for a project to retain existing jobs in Indiana under section 15.5 of this chapter. In the case of an applicant under section 15.5 of this chapter, the board shall consider the magnitude of the cost differential between the projected costs for the applicant's project in the competing site outside Indiana and the projected costs for the applicant's project in Indiana.

SECTION 18. IC 6-3.1-19-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: Sec. 4. If the amount of the credit determined under section 3 of this chapter for a taxable year exceeds the taxpayer's state tax liability for

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that taxable year, the taxpayer may carry the excess over ~~to~~ **for not more than nine (9) of** the immediately following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback or refund of any unused credit.

SECTION 19. IC 6-3.5-7-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 25. (a) This section applies only to a county that has adopted an ordinance under IC 6-1.1-12-41(f).

(b) For purposes of this section, "imposing entity" means the entity that adopted the ordinance under IC 6-1.1-12-41(f).

(c) The imposing entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this chapter for the purpose provided in subsection (e). A county income tax council that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. Except as provided in subsection (j), an ordinance must be adopted under this subsection after January 1 but before April 1 of a calendar year. The ordinance may provide for an additional rate under section 5(p) of this chapter. An ordinance adopted under this subsection:

- (1) first applies to the certified distribution described in section 16(c) of this chapter made in the calendar year that immediately succeeds the calendar year in which the ordinance is adopted;
- (2) must specify the calendar years to which the ordinance applies; and
- (3) must specify that the certified distribution must be used to provide for:
  - (A) uniformly applied increased homestead credits as provided in subsection (f); or
  - (B) allocated increased homestead credits as provided in subsection (h).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 26 of this chapter.

(d) If an ordinance is adopted under subsection (c), the percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

- (1) retained by the county auditor under subsection ~~(g)~~; **(i)**; and
- (2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

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(e) If an ordinance is adopted under subsection (c), the imposing entity shall use the certified distribution described in section 16(c) of this chapter to increase the homestead credit allowed in the county under IC 6-1.1-20.9 for a year to offset the effect on homesteads in the county resulting from a county deduction for inventory under IC 6-1.1-12-41.

(f) If the imposing entity specifies the application of uniform increased homestead credits under subsection (c)(3)(A), the county auditor shall, for each calendar year in which an increased homestead credit percentage is authorized under this section, determine:

(1) the amount of the certified distribution that is available to provide an increased homestead credit percentage for the year;

(2) the amount of uniformly applied homestead credits for the year in the county that equals the amount determined under subdivision (1); and

(3) the increased percentage of homestead credit that equates to the amount of homestead credits determined under subdivision (2).

(g) The increased percentage of homestead credit determined by the county auditor under subsection (f) applies uniformly in the county in the calendar year for which the increased percentage is determined.

(h) If the imposing entity specifies the application of allocated increased homestead credits under subsection (c)(3)(B), the county auditor shall, for each calendar year in which an increased homestead credit is authorized under this section, determine:

(1) the amount of the certified distribution that is available to provide an increased homestead credit for the year; and

(2) **except as provided in subsection (k)**, an increased percentage of homestead credit for each taxing district in the county that allocates to the taxing district an amount of increased homestead credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-41 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-41 in the county for the immediately preceding year's assessment date.

(i) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

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- (1) as if the money were from property tax collections; and
- (2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of an increased homestead credit.

(j) An entity authorized to adopt:

- (1) an ordinance under subsection (c); and
- (2) an ordinance under IC 6-1.1-12-41(f);

may consolidate the two (2) ordinances. The limitation under subsection (c) that an ordinance must be adopted after January 1 of a calendar year does not apply if a consolidated ordinance is adopted under this subsection.

**(k) The county auditor may adjust the increased percentage of homestead credit determined under subsection (h)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the homesteads in the county.**

SECTION 20. IC 6-3.5-7-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 26. (a) This section applies only to homestead credits for property taxes first due and payable after calendar year 2006.

(b) For purposes of this section, "adopting entity" means:

- (1) the entity that adopts an ordinance under IC 6-1.1-12-41(f); or
- (2) any other entity that may impose a county economic development income tax under section 5 of this chapter.

(c) An adopting entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this chapter for the purpose provided in subsection (e). An adopting entity that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. An ordinance must be adopted under this subsection after January 1 but before April 1 of a calendar year. The ordinance may provide for an additional rate under section 5(p) of this chapter. An ordinance adopted under this subsection:

- (1) first applies to the certified distribution described in section 16(c) of this chapter made in the later of the calendar year that immediately succeeds the calendar year in which the ordinance is adopted or calendar year 2007; and
- (2) must specify that the certified distribution must be used to provide for:
  - (A) uniformly applied increased homestead credits as provided in subsection (f); or
  - (B) allocated increased homestead credits as provided in

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- 1 subsection (h).  
 2 An ordinance adopted under this subsection may be combined with an  
 3 ordinance adopted under section 25 of this chapter.  
 4 (d) If an ordinance is adopted under subsection (c), the percentage  
 5 of the certified distribution specified in the ordinance for use for the  
 6 purpose provided in subsection (e) shall be:  
 7 (1) retained by the county auditor under subsection ~~(g)~~; **(i)**; and  
 8 (2) used for the purpose provided in subsection (e) instead of the  
 9 purposes specified in the capital improvement plans adopted  
 10 under section 15 of this chapter.  
 11 (e) If an ordinance is adopted under subsection (c), the adopting  
 12 entity shall use the certified distribution described in section 16(c) of  
 13 this chapter to increase the homestead credit allowed in the county  
 14 under IC 6-1.1-20.9 for a year to offset the effect on homesteads in the  
 15 county resulting from the statewide deduction for inventory under  
 16 IC 6-1.1-12-42.  
 17 (f) If the imposing entity specifies the application of uniform  
 18 increased homestead credits under subsection (c)(2)(A), the county  
 19 auditor shall, for each calendar year in which an increased homestead  
 20 credit percentage is authorized under this section, determine:  
 21 (1) the amount of the certified distribution that is available to  
 22 provide an increased homestead credit percentage for the year;  
 23 (2) the amount of uniformly applied homestead credits for the  
 24 year in the county that equals the amount determined under  
 25 subdivision (1); and  
 26 (3) the increased percentage of homestead credit that equates to  
 27 the amount of homestead credits determined under subdivision  
 28 (2).  
 29 (g) The increased percentage of homestead credit determined by the  
 30 county auditor under subsection (f) applies uniformly in the county in  
 31 the calendar year for which the increased percentage is determined.  
 32 (h) If the imposing entity specifies the application of allocated  
 33 increased homestead credits under subsection (c)(2)(B), the county  
 34 auditor shall, for each calendar year in which an increased homestead  
 35 credit is authorized under this section, determine:  
 36 (1) the amount of the certified distribution that is available to  
 37 provide an increased homestead credit for the year; and  
 38 (2) **except as provided in subsection (j)**, an increased percentage  
 39 of homestead credit for each taxing district in the county that  
 40 allocates to the taxing district an amount of increased homestead  
 41 credits that bears the same proportion to the amount determined  
 42 under subdivision (1) that the amount of inventory assessed value

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deducted under IC 6-1.1-12-42 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the immediately preceding year's assessment date.

(i) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

(1) as if the money were from property tax collections; and

(2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of an increased homestead credit.

**(j) The county auditor may adjust the increased percentage of homestead credit determined under subsection (h)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the homesteads in the county.**

SECTION 21. IC 20-14-14 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

#### **Chapter 14. Review of Budgets of Appointed Boards**

**Sec. 1. Before an appointed library board described in IC 6-1.1-17-20(a)(2)(B) may impose a property tax levy for the operating budget of a public library for the ensuing calendar year that is more than five percent (5%) greater than the property tax levy for the operating budget of the public library for the current calendar year, the library board must submit its proposed budget and property tax levy to the appropriate fiscal body under section 2 of this chapter.**

**Sec. 2. An appointed library board subject to section 1 of this chapter shall submit its proposed operating budget and property tax levy for the operating budget to the following fiscal body at least fourteen (14) days before the first meeting of the county board of tax adjustment under IC 6-1.1-29-4:**

**(1) If the library district is located entirely within the corporate boundaries of a municipality, the fiscal body of the municipality.**

**(2) If the library district:**

**(A) is not described by subdivision (1); and**

**(B) is located entirely within the boundaries of a township; the fiscal body of the township.**

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**(3) If the library district is not described by subdivision (1) or (2), the fiscal body of each county in which the library district is located.**

SECTION 22. IC 36-1-8-8.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 8.5. (a) If a unit receives money under an economic development agreement with the licensed owner of a riverboat, the money may be used:**

**(1) to reduce the property tax levy of the unit for a particular year (a property tax reduction under this subdivision does not reduce the maximum levy of the unit under IC 6-1.1-18.5); and**

**(2) for any other legal or corporate purpose of the unit.**

**(b) If a unit receives money under an agreement to share revenue that another unit received under an economic development agreement with the licensed owner of a riverboat, the money may be used:**

**(1) to reduce the property tax levy of the unit for a particular year (a property tax reduction under this subdivision does not reduce the maximum levy of the unit under IC 6-1.1-18.5); and**

**(2) for any other legal or corporate purpose of the unit.**

SECTION 23. IC 36-1-8-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 9. (a) Each unit that receives tax revenue under IC 4-33-12-6, IC 4-33-13, or an agreement to share a city's or county's part of the tax revenue. A unit may establish a riverboat fund. A riverboat fund established under this section consists of:**

**(1) tax revenue received by the unit under IC 4-33-12-6 or IC 4-33-13;**

**(2) money received under an agreement to share tax revenue that another unit received under IC 4-33-12-6 or IC 4-33-13;**

**(3) money received under an economic development agreement with the licensed owner of a riverboat; or**

**(4) money received under an agreement to share revenue that another unit received under an economic development agreement with the licensed owner of a riverboat.**

**(b) Money in the fund may be used:**

**(1) to reduce the property tax levy of the unit for a particular year (a property tax reduction under this subdivision does not reduce the maximum levy of the unit under IC 6-1.1-18.5); and**

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(2) for any legal or corporate purpose of the unit.

~~(b)~~ (c) The riverboat fund established under subsection (a) shall be administered by the unit's treasurer, and the expenses of administering the fund shall be paid from money in the fund. Money in the fund not currently needed to meet the obligations of the fund may be invested in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund. Money in the fund at the end of a particular fiscal year does not revert to the unit's general fund.

SECTION 24. IC 36-1-12.5-5.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5.5. ~~IC 6-1.1-20 does not apply to~~ An agreement to participate in a utility energy efficiency program or guaranteed energy savings contract entered into under this chapter:

**(1) is subject to the approval of the department of local government finance under IC 5-1-17; and**

**(2) is not subject to the requirements of IC 6-1.1-20.**

SECTION 25. IC 36-7-13-3.4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3.4. (a) Except as provided in subsection (b), as used in this chapter, "income tax incremental amount" means the remainder of:

(1) the aggregate amount of state and local income taxes paid by employees employed in a district with respect to wages earned for work in the district for a particular state fiscal year; minus

(2) the **sum of the:**

**(A) income tax base period amount; and**

**(B) tax credits awarded by the economic development for a growing economy board under IC 6-3.1-13 to businesses operating in a district as the result of wages earned for work in the district for the state fiscal year;**

as determined by the department of state revenue under section 14 of this chapter.

(b) For purposes of a district designated under section 12.1 of this chapter, "income tax incremental amount" means seventy-five percent (75%) of the amount described in subsection (a).

SECTION 26. IC 36-7-13-10.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 10.5. (a) This section applies only to a county that meets the following conditions:

(1) The county's annual rate of unemployment has been above the average annual statewide rate of unemployment during at least three (3) of the preceding five (5) years.

(2) The median income of the county has:

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(A) declined over the preceding ten (10) years; or

(B) has grown at a lower rate than the average annual statewide growth in median income during at least three (3) of the preceding five (5) years.

(3) The population of the county (as determined by the legislative body of the county) has declined over the preceding ten (10) years.

(b) Except as provided in section 10.7 of this chapter, in a county described in subsection (a), the legislative body of the county may adopt an ordinance designating an unincorporated part or unincorporated parts of the county as a district, and the legislative body of a municipality located within the county may adopt an ordinance designating a part or parts of the municipality as a district, if the legislative body finds all of the following:

(1) The area to be designated as a district contains a building or buildings that:

(A) have a total of at least fifty thousand (50,000) square feet of usable interior floor space; and

(B) are vacant or will become vacant due to the relocation of the employer or the cessation of operations on the site by the employer.

(2) Significantly fewer persons are employed in the area to be designated as a district than were employed in the area during the year that is ten (10) years previous to the current year.

(3) There are significant obstacles to redevelopment in the area due to any of the following problems:

(A) Obsolete or inefficient buildings.

(B) Aging infrastructure or inefficient utility services.

(C) Utility relocation requirements.

(D) Transportation or access problems.

(E) Topographical obstacles to redevelopment.

(F) Environmental contamination or remediation.

(c) A legislative body adopting an ordinance under subsection (b) shall designate the duration of the district. However, a district must terminate not later than fifteen (15) years after the income tax incremental amount or gross retail incremental amount is first allocated to the district.

(d) Except as provided in section 10.7 of this chapter, upon adoption of an ordinance designating a district, the legislative body shall:

**(1) publish notice of the adoption and substance of the resolution in accordance with IC 5-3-1; and**

**(2) file the following information with each taxing unit in the**

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county where the district is located:

(A) A copy of the notice required by subdivision (1).

(B) A statement disclosing the impact of the district, including the following:

(i) The estimated economic benefits and costs incurred by the district, as measured by increased employment and anticipated growth of property assessed values.

(ii) The anticipated impact on tax revenues of each taxing unit.

The notice must state the general boundaries of the district.

(e) Upon completion of the actions required by subsection (d), the legislative body shall submit the ordinance to the budget committee for review and recommendation to the budget agency. If the budget agency fails to take action on an ordinance designating a district within one hundred twenty (120) days after the date that the ordinance is submitted to the budget committee, the designation of the district by the ordinance is considered approved.

~~(e)~~ (f) Except as provided in section 10.7 of this chapter, when considering the designation of a district by an ordinance adopted under this section, the budget committee and the budget agency must make the following findings before approving the designation of the district:

(1) The area to be designated as a district meets the conditions necessary for the designation as a district.

(2) The designation of the district will benefit the people of Indiana by protecting or increasing state and local tax bases and tax revenues for at least the duration of the district.

~~(f)~~ (g) Except as provided in section 10.7 of this chapter, the income tax incremental amount and the gross retail incremental amount may not be allocated to the district until the designation of the district by the local ordinance is approved under this section.

SECTION 27. IC 36-7-13-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 12. (a) If a municipal or county executive has submitted an application to an advisory commission on industrial development requesting that an area be designated as a district under this chapter and the advisory commission has compiled and prepared the information required under section 11 of this chapter concerning the area, the advisory commission may adopt a resolution designating the area as a district if it makes the findings described in subsection (b), (c), (d), or (e). In a county described in subsection (c), an advisory commission may designate more than one (1) district under subsection (c).

(b) For an area located in a county having a population of more than

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one hundred twenty thousand (120,000) but less than one hundred thirty thousand (130,000), an advisory commission may adopt a resolution designating a particular area as a district only after finding all of the following:

(1) The area contains a building or buildings:

(A) with at least one million (1,000,000) square feet of usable interior floor space; and

(B) that is or are vacant or will become vacant due to the relocation of an employer.

(2) At least one thousand (1,000) fewer persons are employed in the area than were employed in the area during the year that is ten (10) years previous to the current year.

(3) There are significant obstacles to redevelopment of the area due to any of the following problems:

(A) Obsolete or inefficient buildings.

(B) Aging infrastructure or inefficient utility services.

(C) Utility relocation requirements.

(D) Transportation or access problems.

(E) Topographical obstacles to redevelopment.

(F) Environmental contamination.

(4) The unit has expended, appropriated, pooled, set aside, or pledged at least one hundred thousand dollars (\$100,000) for purposes of addressing the redevelopment obstacles described in subdivision (3).

(5) The area is located in a county having a population of more than one hundred twenty thousand (120,000) but less than one hundred thirty thousand (130,000).

(c) For a county having a population of more than one hundred eighteen thousand (118,000) but less than one hundred twenty thousand (120,000), an advisory commission may adopt a resolution designating not more than two (2) areas as districts. An advisory commission may designate an area as a district only after finding the following:

(1) The area meets either of the following conditions:

(A) The area contains a building with at least seven hundred ninety thousand (790,000) square feet, and at least eight hundred (800) fewer people are employed in the area than were employed in the area during the year that is fifteen (15) years previous to the current year.

(B) The area contains a building with at least three hundred eighty-six thousand (386,000) square feet, and at least four hundred (400) fewer people are employed in the area than

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- 1           were employed in the area during the year that is fifteen (15)
- 2           years previous to the current year.
- 3       (2) The area is located in or is adjacent to an industrial park.
- 4       (3) There are significant obstacles to redevelopment of the area
- 5       due to any of the following problems:
- 6           (A) Obsolete or inefficient buildings.
- 7           (B) Aging infrastructure or inefficient utility services.
- 8           (C) Utility relocation requirements.
- 9           (D) Transportation or access problems.
- 10          (E) Topographical obstacles to redevelopment.
- 11          (F) Environmental contamination.
- 12       (4) The area is located in a county having a population of more
- 13       than one hundred eighteen thousand (118,000) but less than one
- 14       hundred twenty thousand (120,000).
- 15       (d) For an area located in a county having a population of more than
- 16       two hundred thousand (200,000) but less than three hundred thousand
- 17       (300,000), an advisory commission may adopt a resolution designating
- 18       a particular area as a district only after finding all of the following:
- 19           (1) The area contains a building or buildings:
- 20               (A) with at least one million five hundred thousand
- 21               (1,500,000) square feet of usable interior floor space; and
- 22               (B) that is or are vacant or will become vacant.
- 23           (2) At least eighteen thousand (18,000) fewer persons are
- 24           employed in the area at the time of application than were
- 25           employed in the area before the time of application.
- 26           (3) There are significant obstacles to redevelopment of the area
- 27           due to any of the following problems:
- 28               (A) Obsolete or inefficient buildings.
- 29               (B) Aging infrastructure or inefficient utility services.
- 30               (C) Utility relocation requirements.
- 31               (D) Transportation or access problems.
- 32               (E) Topographical obstacles to redevelopment.
- 33               (F) Environmental contamination.
- 34           (4) The unit has expended, appropriated, pooled, set aside, or
- 35           pledged at least one hundred thousand dollars (\$100,000) for
- 36           purposes of addressing the redevelopment obstacles described in
- 37           subdivision (3).
- 38           (5) The area is located in a county having a population of more
- 39           than two hundred thousand (200,000) but less than three hundred
- 40           thousand (300,000).
- 41       (e) For an area located in a county having a population of more than
- 42       three hundred thousand (300,000) but less than four hundred thousand

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(400,000), an advisory commission may adopt a resolution designating a particular area as a district only after finding all of the following:

(1) The area contains a building or buildings:

(A) with at least eight hundred thousand (800,000) gross square feet; and

(B) having leasable floor space, at least fifty percent (50%) of which is or will become vacant.

(2) There are significant obstacles to redevelopment of the area due to any of the following problems:

(A) Obsolete or inefficient buildings as evidenced by a decline of at least seventy-five percent (75%) in their assessed valuation during the preceding ten (10) years.

(B) Transportation or access problems.

(C) Environmental contamination.

(3) At least four hundred (400) fewer persons are employed in the area than were employed in the area during the year that is fifteen (15) years previous to the current year.

(4) The area has been designated as an economic development target area under IC 6-1.1-12.1-7.

(5) The unit has appropriated, pooled, set aside, or pledged at least two hundred fifty thousand dollars (\$250,000) for purposes of addressing the redevelopment obstacles described in subdivision (2).

(6) The area is located in a county having a population of more than three hundred thousand (300,000) but less than four hundred thousand (400,000).

(f) The advisory commission, or the county or municipal legislative body, in the case of a district designated under section 10.5 of this chapter, shall designate the duration of the district. However, a district must terminate not later than fifteen (15) years after the income tax incremental amount or gross retail incremental amount is first allocated to the district.

(g) Upon adoption of a resolution designating a district, the advisory commission shall:

**(1) publish notice of the adoption and substance of the resolution in accordance with IC 5-3-1; and**

**(2) file the following information with each taxing unit in the county where the district is located:**

**(A) A copy of the notice required by subdivision (1).**

**(B) A statement disclosing the impact of the district, including the following:**

**(i) The estimated economic benefits and costs incurred**

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by the district, as measured by increased employment and anticipated growth of property assessed values.

(ii) The anticipated impact on tax revenues of each taxing unit.

The notice must state the general boundaries of the district.

(h) Upon completion of the actions required by subsection (g), the advisory commission shall submit the resolution to the budget committee for review and recommendation to the budget agency. If the budget agency fails to take action on a resolution designating a district within one hundred twenty (120) days after the date that the resolution is submitted to the budget committee, the designation of the district by the resolution is considered approved.

(i) When considering a resolution, the budget committee and the budget agency must make the following findings:

(1) The area to be designated as a district meets the conditions necessary for designation as a district.

(2) The designation of the district will benefit the people of Indiana by protecting or increasing state and local tax bases and tax revenues for at least the duration of the district.

(j) The income tax incremental amount and the gross retail incremental amount may not be allocated to the district until the resolution is approved under this section.

SECTION 28. IC 36-7-13-12.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 12.1. (a) If the executive of a city described in section 10.1(a) of this chapter has submitted an application to an advisory commission on industrial development requesting that an area be designated as a district under this chapter and the advisory commission has compiled and prepared the information required under section 11 of this chapter concerning the area, the advisory commission may adopt a resolution designating the area as a district if it finds the following:

(1) That the redevelopment of the area in the district will:

(A) promote significant opportunities for the gainful employment of its citizens;

(B) attract a major new business enterprise to the area; or

(C) retain or expand a significant business enterprise within the area.

(2) That there are significant obstacles to redevelopment of the area due to any of the following problems:

(A) Obsolete or inefficient buildings.

(B) Aging infrastructure or ineffective utility services.

(C) Utility relocation requirements.

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- (D) Transportation or access problems.
- (E) Topographical obstacles to redevelopment.
- (F) Environmental contamination.
- (G) Lack of development or cessation of growth.
- (H) Deterioration of improvements or character of occupancy, age, obsolescence, or substandard buildings.
- (I) Other factors that have impaired values or prevent a normal development of property or use of property.

(b) To address the obstacles identified in subsection (a)(2), the city may make expenditures for:

- (1) the acquisition of land;
- (2) interests in land;
- (3) site improvements;
- (4) infrastructure improvements;
- (5) buildings;
- (6) structures;
- (7) rehabilitation, renovation, and enlargement of buildings and structures;
- (8) machinery;
- (9) equipment;
- (10) furnishings;
- (11) facilities;
- (12) administration expenses associated with such a project;
- (13) operating expenses; or
- (14) substance removal or remedial action to the area.

(c) In addition to the findings described in subsection (a), an advisory commission must also find that the city described in section 10.1(a) of this chapter has expended, appropriated, pooled, set aside, or pledged at least two hundred fifty thousand dollars (\$250,000) for purposes of addressing the redevelopment obstacles described in subsection (a)(2).

(d) The advisory commission shall designate the duration of the district. However, a district must terminate not later than fifteen (15) years after the income tax incremental amount or gross retail incremental amount is first allocated to the district under this chapter.

(e) Upon adoption of a resolution designating a district, the advisory commission shall:

- (1) publish notice of the adoption and substance of the resolution in accordance with IC 5-3-1; and**
- (2) file the following information with each taxing unit in the county where the district is located:**

- (A) A copy of the notice required by subdivision (1).**

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**(B) A statement disclosing the impact of the district, including the following:**

- (i) The estimated economic benefits and costs incurred by the district, as measured by increased employment and anticipated growth of property assessed values.**
- (ii) The anticipated impact on tax revenues of each taxing unit.**

**The notice must state the general boundaries of the district.**

**(f) Upon completion of the actions required by subsection (e), the advisory commission shall** submit the resolution to the budget committee for review and recommendation to the budget agency. If the budget agency fails to take action on a resolution designating a district within one hundred twenty (120) days after the date that the resolution is submitted to the budget committee, the designation of the district by the resolution is considered approved.

**(g)** When considering a resolution, the budget committee and the budget agency must make the following findings:

- (1) The area to be designated as a district meets the conditions necessary for designation as a district.
- (2) The designation of the district will benefit the people of Indiana by protecting or increasing state and local tax bases and tax revenues for at least the duration of the district.

**(g) (h)** The income tax incremental amount and the gross retail incremental amount may not be allocated to the district until the resolution is approved under this section.

SECTION 29. IC 36-7-13-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13. (a) If an advisory commission on industrial development designates a district under section 12 or 12.1 of this chapter or if the legislative body of a county or municipality adopts an ordinance designating a district under section 10.5 of this chapter, the advisory commission, or the legislative body in the case of a district designated under section 10.5 of this chapter, shall send a certified copy of the resolution or ordinance designating the district to the department of state revenue by certified mail and shall include with the resolution a complete list of the following:

- (1) Employers in the district.
- (2) Street names and the range of street numbers of each street in the district.
- (3) Federal identification numbers of each business in the district.**
- (4) The street address of each employer.**
- (5) Name, telephone number, and electronic mail address (if**

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1           **available) of a contact person for each employer.**

2           (b) The advisory commission, or the legislative body in the case of  
3 a district designated under section 10.5 of this chapter, shall update the  
4 list:

5           (1) before July 1 of each year; or

6           (2) within fifteen (15) days after the date that the budget agency  
7 approves a petition to modify the boundaries of the district under  
8 section 12.5 of this chapter.

9           (c) Not later than sixty (60) days after receiving a copy of the  
10 resolution or ordinance designating a district, the department of state  
11 revenue shall determine the gross retail base period amount and the  
12 income tax base period amount.

13           (d) Not later than sixty (60) days after receiving a certification of a  
14 district's modified boundaries under section 12.5(c) of this chapter, the  
15 department shall recalculate the gross retail base period amount and the  
16 income tax base period amount for a district modified under section  
17 12.5 of this chapter.

18           SECTION 30. IC 36-7-13-14 IS AMENDED TO READ AS  
19 FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:  
20 Sec. 14. (a) Before the first business day in October of each year, the  
21 department shall calculate the income tax incremental amount and the  
22 gross retail incremental amount for the preceding state fiscal year for  
23 each district designated under this chapter.

24           **(b) Businesses operating in the district shall report, in the**  
25 **manner and in the form prescribed by the department, information**  
26 **that the department determines necessary to calculate incremental**  
27 **sales and income taxes.**

28           ~~(b)~~ (c) Not later than sixty (60) days after receiving a certification  
29 of a district's modified boundaries under section 12.5(c) of this chapter,  
30 the department shall recalculate the income tax incremental amount  
31 and the gross retail incremental amount for the preceding state fiscal  
32 year for a district modified under section 12.5 of this chapter.

33           SECTION 31. IC 36-7-14-39 IS AMENDED TO READ AS  
34 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 39. (a) As used in this  
35 section:

36           "Allocation area" means that part of a blighted area to which an  
37 allocation provision of a declaratory resolution adopted under section  
38 15 of this chapter refers for purposes of distribution and allocation of  
39 property taxes.

40           "Base assessed value" means the following:

41           (1) If an allocation provision is adopted after June 30, 1995, in a  
42 declaratory resolution or an amendment to a declaratory

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1 resolution establishing an economic development area:

2 (A) the net assessed value of all the property as finally  
3 determined for the assessment date immediately preceding the  
4 effective date of the allocation provision of the declaratory  
5 resolution, as adjusted under subsection (h); plus

6 (B) to the extent that it is not included in clause (A), the net  
7 assessed value of property that is assessed as residential  
8 property under the rules of the department of local government  
9 finance, as finally determined for any assessment date after the  
10 effective date of the allocation provision.

11 (2) If an allocation provision is adopted after June 30, 1997, in a  
12 declaratory resolution or an amendment to a declaratory  
13 resolution establishing a blighted area:

14 (A) the net assessed value of all the property as finally  
15 determined for the assessment date immediately preceding the  
16 effective date of the allocation provision of the declaratory  
17 resolution, as adjusted under subsection (h); plus

18 (B) to the extent that it is not included in clause (A), the net  
19 assessed value of property that is assessed as residential  
20 property under the rules of the department of local government  
21 finance, as finally determined for any assessment date after the  
22 effective date of the allocation provision.

23 (3) If:

24 (A) an allocation provision adopted before June 30, 1995, in  
25 a declaratory resolution or an amendment to a declaratory  
26 resolution establishing a blighted area expires after June 30,  
27 1997; and

28 (B) after June 30, 1997, a new allocation provision is included  
29 in an amendment to the declaratory resolution;

30 the net assessed value of all the property as finally determined for  
31 the assessment date immediately preceding the effective date of  
32 the allocation provision adopted after June 30, 1997, as adjusted  
33 under subsection (h).

34 (4) Except as provided in subdivision (5), for all other allocation  
35 areas, the net assessed value of all the property as finally  
36 determined for the assessment date immediately preceding the  
37 effective date of the allocation provision of the declaratory  
38 resolution, as adjusted under subsection (h).

39 (5) If an allocation area established in an economic development  
40 area before July 1, 1995, is expanded after June 30, 1995, the  
41 definition in subdivision (1) applies to the expanded portion of the  
42 area added after June 30, 1995.

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(6) If an allocation area established in a blighted area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded portion of the area added after June 30, 1997.

Except as provided in section 39.3 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A declaratory resolution adopted under section 15 of this chapter before January 1, ~~2006~~, **2011**, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution before January 1, ~~2006~~, **2011**, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made;

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- 1 or  
 2 (B) the base assessed value;  
 3 shall be allocated to and, when collected, paid into the funds of  
 4 the respective taxing units.  
 5 (2) Except as otherwise provided in this section, property tax  
 6 proceeds in excess of those described in subdivision (1) shall be  
 7 allocated to the redevelopment district and, when collected, paid  
 8 into an allocation fund for that allocation area that may be used by  
 9 the redevelopment district only to do one (1) or more of the  
 10 following:  
 11 (A) Pay the principal of and interest on any obligations  
 12 payable solely from allocated tax proceeds which are incurred  
 13 by the redevelopment district for the purpose of financing or  
 14 refinancing the redevelopment of that allocation area.  
 15 (B) Establish, augment, or restore the debt service reserve for  
 16 bonds payable solely or in part from allocated tax proceeds in  
 17 that allocation area.  
 18 (C) Pay the principal of and interest on bonds payable from  
 19 allocated tax proceeds in that allocation area and from the  
 20 special tax levied under section 27 of this chapter.  
 21 (D) Pay the principal of and interest on bonds issued by the  
 22 unit to pay for local public improvements in or serving that  
 23 allocation area.  
 24 (E) Pay premiums on the redemption before maturity of bonds  
 25 payable solely or in part from allocated tax proceeds in that  
 26 allocation area.  
 27 (F) Make payments on leases payable from allocated tax  
 28 proceeds in that allocation area under section 25.2 of this  
 29 chapter.  
 30 (G) Reimburse the unit for expenditures made by it for local  
 31 public improvements (which include buildings, parking  
 32 facilities, and other items described in section 25.1(a) of this  
 33 chapter) in or serving that allocation area.  
 34 (H) Reimburse the unit for rentals paid by it for a building or  
 35 parking facility in or serving that allocation area under any  
 36 lease entered into under IC 36-1-10.  
 37 (I) Pay all or a portion of a property tax replacement credit to  
 38 taxpayers in an allocation area as determined by the  
 39 redevelopment commission. This credit equals the amount  
 40 determined under the following STEPS for each taxpayer in a  
 41 taxing district (as defined in IC 6-1.1-1-20) that contains all or  
 42 part of the allocation area:

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STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the commission.

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(3) Except as provided in subsection (g), before July 15 of each year the commission shall do the following:

(A) Determine the amount, if any, by which the base assessed value when multiplied by the estimated tax rate of the allocation area will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Notify the county auditor of the amount, if any, of the amount of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1). The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2) or lessors under section 25.3 of this chapter.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone

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created under IC 4-4-6.1, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the portion of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that portion of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The department

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of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 32. IC 36-7-15.1-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 26. (a) As used in this section:

"Allocation area" means that part of a blighted area to which an allocation provision of a resolution adopted under section 8 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

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the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded portion of the area added after June 30, 1995.

(6) If an allocation area established in a blighted area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded portion of the area added after June 30, 1997.

Except as provided in section 26.2 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A resolution adopted under section 8 of this chapter before January 1, ~~2006~~, **2011**, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution before January 1, ~~2006~~, **2011**, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration

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date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 19 of this chapter.

(D) Pay the principal of and interest on bonds issued by the consolidated city to pay for local public improvements in that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 17.1 of this chapter.

(G) Reimburse the consolidated city for expenditures for local

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public improvements (which include buildings, parking facilities, and other items set forth in section 17 of this chapter) in that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in that allocation area under any lease entered into under IC 36-1-10.

(I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The special fund may not be used for operating expenses of the commission.

(3) Before July 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the base assessed value when multiplied by the estimated tax rate of the allocated area will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2) and subsection (g).

(B) Notify the county auditor of the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

(1) the assessed value of the property for the assessment date with

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respect to which the allocation and distribution is made; or

(2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

(1) the assessed value of the property as valued without regard to this section; or

(2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:

(1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the

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enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in the enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.

(3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers for purposes of payments from the special zone fund only to that portion of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 33. IC 36-7-15.1-53 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 53. (a) As used in this section:

"Allocation area" means that part of a blighted area to which an allocation provision of a resolution adopted under section 40 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means:

(1) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(2) to the extent that it is not included in subdivision (1), the net

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assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Except as provided in section 55 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property.

(b) A resolution adopted under section 40 of this chapter before January 1, ~~2006~~, **2011**, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution before January 1, ~~2006~~, **2011**, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision must be approved by resolution of the legislative body of the excluded city and must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations

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payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 50 of this chapter.

(D) Pay the principal of and interest on bonds issued by the excluded city to pay for local public improvements in that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 46 of this chapter.

(G) Reimburse the excluded city for expenditures for local public improvements (which include buildings, park facilities, and other items set forth in section 45 of this chapter) in that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in that allocation area under any lease entered into under IC 36-1-10.

(I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The special fund may not be used for operating expenses of the commission.

(3) Before July 15 of each year, the commission shall do the following:

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(A) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2) and subsection (g).

(B) Notify the county auditor of the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located, is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes

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specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:

(1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in an enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.

(3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers, for purposes of payments from the special zone fund, only to that part of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment

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district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 34. IC 36-7-31-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 12. (a) Upon adoption of a resolution establishing a tax area under section 14 of this chapter, the commission shall submit the resolution to the budget committee for review and recommendation to the budget agency. The budget committee shall meet not later than ~~ten (10)~~ sixty (60) days after receipt of a resolution and shall make a recommendation on the resolution to the budget agency.

(b) Upon adoption of a resolution changing the boundaries of a tax area under section 14 of this chapter, the commission shall:

- (1) publish notice of the adoption and substance of the resolution in accordance with IC 5-3-1; and
- (2) file the following information with each taxing unit in the county in which the district is located:

(A) A copy of the notice required by subdivision (1).

(B) A statement disclosing the impact of the district, including the following:

- (i) The estimated economic benefits and costs incurred by the district, as measured by increased employment and anticipated growth of property assessed values.
- (ii) The anticipated impact on tax revenues of each taxing unit.

The notice must state the general boundaries of the district.

(c) Upon completion of the actions required by subsection (b), the commission shall submit the resolution to the budget committee for review and recommendation to the budget agency. The budget committee shall meet not later than sixty (60) days after receipt of a resolution and shall make a recommendation on the resolution to the budget agency.

SECTION 35. IC 36-7-31.3-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 11. (a) Upon adoption of a resolution establishing a tax area under section 10 of this chapter, the designating body shall submit the resolution to the budget committee for review and recommendation to the budget agency.

(b) Upon adoption of a resolution changing the boundaries of a tax area under section 10 of this chapter, the commission shall:

- (1) publish notice of the adoption and substance of the

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1 resolution in accordance with IC 5-3-1; and

2 (2) file the following information with each taxing unit in the  
3 county where the district is located:

4 (A) A copy of the notice required by subdivision (1).

5 (B) A statement disclosing the impact of the district,  
6 including the following:

7 (i) The estimated economic benefits and costs incurred  
8 by the district, as measured by increased employment  
9 and anticipated growth of property assessed values.

10 (ii) The anticipated impact on tax revenues of each  
11 taxing unit.

12 The notice must state the general boundaries of the district.

13 (c) Upon completion of the actions required by subsection (b),  
14 the commission shall submit the resolution to the budget committee  
15 for review and recommendation to the budget agency. The budget  
16 committee shall meet not later than sixty (60) days after receipt of  
17 a resolution and shall make a recommendation on the resolution to  
18 the budget agency.

19 SECTION 36. IC 36-7-32-8.5 IS ADDED TO THE INDIANA  
20 CODE AS A NEW SECTION TO READ AS FOLLOWS  
21 [EFFECTIVE JULY 1, 2005]: Sec. 8.5. As used in this chapter,  
22 "income tax incremental amount" means the remainder of:

23 (1) the total amount of state adjusted gross income taxes,  
24 county adjusted gross income tax, county option income taxes,  
25 and county economic development income taxes paid by  
26 employees employed in the territory comprising the certified  
27 technology park with respect to wages and salary earned for  
28 work in the territory comprising the certified technology park  
29 for a particular state fiscal year; minus

30 (2) the sum of the:

31 (A) income tax base period amount; and

32 (B) tax credits awarded by the economic development for  
33 a growing economy board under IC 6-3.1-13 to businesses  
34 operating in a certified technology park as the result of  
35 wages earned for work in the certified technology park for  
36 the state fiscal year;

37 as determined by the department of state revenue.

38 SECTION 37. IC 6-1.1-4-40 IS REPEALED [EFFECTIVE MARCH  
39 1, 2005 (RETROACTIVE)].

40 SECTION 38. IC 5-3-1-3 IS REPEALED [EFFECTIVE JULY 1,  
41 2005].

42 SECTION 39. [EFFECTIVE JANUARY 1, 2005

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(RETROACTIVE)] (a) IC 6-3.1-1-3, as added by this act, applies to the application of a tax credit against state tax liability for a taxable year beginning after December 31, 2004, regardless of when the tax credit was granted.

(b) IC 6-3.1-13-15, IC 6-3.1-13-15.5, and IC 6-3.1-13-17, all as amended by this act, apply only to credits awarded by the economic development for a growing economy board after June 30, 2005. However, an ordinance that is described in IC 6-3.1-13-15(7) or IC 6-3.1-13-15.5(13), both as amended by this act, and that is adopted before July 1, 2005, is valid to the extent that it applies to credits awarded after June 30, 2005.

(c) IC 6-3.1-19-4, as amended by this act, applies only to the carry forward of community revitalization enhancement district tax credits to taxable years beginning after December 31, 2004, regardless of when the taxable year when the credit accrued to the taxpayer.

(d) IC 36-7-13-3.4, as amended by this act, and IC 36-7-32-8.5, as added by this act, apply only to distributions for a community revitalization enhancement district or certified technology park as the result of wages and salary earned for work in the community revitalization enhancement district or certified technology park after June 30, 2005.

(e) IC 36-7-13-10.5, IC 36-7-13-12.1, IC 36-7-13-13, IC 36-7-31-12, and IC 36-7-31.3-11, all as amended by this act, apply only to districts established or expanded after June 30, 2005.

(f) IC 36-7-13-14, as amended by this act, applies to taxable years beginning after December 31, 2004.

SECTION 40. [EFFECTIVE JULY 1, 2005] IC 6-3.5-7-26, as amended by this act, applies only to property taxes first due and payable after December 31, 2006.

SECTION 41. [EFFECTIVE JULY 1, 2005] The following apply only to property taxes first due and payable after December 31, 2005:

- (1) IC 6-1.1-20.6, as added by this act;
- (2) IC 6-3.5-7-25, as amended by this act; and
- (3) SECTION 37 of this act.

SECTION 42. [EFFECTIVE JULY 1, 2005] (a) The definitions set forth in IC 5-1-17, as added by this act, apply throughout this SECTION.

(b) Except as otherwise provided by this SECTION, this act applies to bonds issued and leases entered into after June 30, 2005.

(c) If a school corporation conducted the hearing described in

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1 IC 20-5-52 before July 1, 2005, the school corporation may issue  
 2 bonds or execute a lease for the school building construction  
 3 project that was the subject of the hearing in accordance with the  
 4 requirements for issuing bonds or executing a lease that were in  
 5 effect before July 1, 2005.

6 (d) A political subdivision that meets either of the following  
 7 conditions may issue bonds or execute a lease in accordance with  
 8 the requirements for issuing the bonds or entering the lease that  
 9 were in effect before July 1, 2005:

10 (1) The political subdivision petitioned the department for  
 11 approval of the bonds or lease under IC 6-1.1-18.5,  
 12 IC 6-1.1-19, or any other statute authorizing the department  
 13 to approve bonds or leases.

14 (2) With respect to bonds or leases that were not subject to the  
 15 approval of the department under statutes in effect before  
 16 July 1, 2005, the political subdivision adopted an ordinance or  
 17 resolution before July 1, 2005, approving the issuance of the  
 18 bonds or execution of the lease for a specific purpose or  
 19 project.

20 SECTION 43. An emergency is declared for this act.

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